

## NOTICE OF PROPOSED RULE AMENDMENT

- The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301 and Subsection 53C-1-201(3)(c).
- Please address questions regarding information on this notice to the agency.
- The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- The full text of all rule filings may also be inspected at the Division of Administrative Rules.

### Agency Information

1. Agency: Insurance - Administration  
 Room no.: 3110  
 Building: STATE OFFICE BLDG  
 Street address 1: 450 N MAIN ST  
 Street address 2:  
 City, state, zip: SALT LAKE CITY UT 84114-1201  
 Mailing address 1: PO BOX 146901  
 Mailing address 2:  
 City, state, zip: SALT LAKE CITY UT 84114-6901

### Contact person(s):

Name: Phone: Fax: E-mail:

Jilene Whitby	801-538-3803	801-538-3829	jwhitby@utah.gov
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(Interested persons may inspect this filing at the above address or at DAR during business hours)

### Rule Information

DAR file no: 37018 Date filed: 10/30/2012 04:13 PM  
 State Admin Rule Filing Key: 153472  
 Utah Admin. Code ref. (R no.): R 590 - 102 -  
 Changed to Admin. Code ref. (R no.): - -

### Title

2. Title of rule or section (catchline):  
 Insurance Department Fee Payment Rule.

### Notice Type

3. Type of notice: Amendment

### Rule Purpose

4. Purpose of the rule or reason for the change:  
 This rule is being changed to make Section 6 and 7 more readable, to eliminate the word "application" from Section 6, to add four new fees and change one.

### Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.

No

### Rule Summary

6. Summary of the rule or change:

The following changes are being made to this rule: In Section 3, Definitions, surplus lines insurers, accredited reinsurers, trustee reinsurers, and employee welfare funds, are being eliminated from the category of "Other organizations." In the title of Section 6 the reference to "Other Organization" is being eliminated and fees are being called "administrative/service fees." Here the term "renewal" and "application" is being eliminated. All fees charged on an annual basis are referred to as "annual," except the first or initial fee, which is referred to as the "initial fee." Section 7 is now entitled "Other Organization Fee." Section headings are being renumbered and references within the rule are being corrected. In Section 12 a resident title agency reinstatement license fee of \$150 is being added. In Section 17 a new \$50 "late fee" for the fraud assessment is being added, the FBI fee is being reduced from \$19.25 to \$16.50, and an annual health insurance actuarial review assessment fee is being added as required in 31A-30-115 and by HB294, Health System Reform Amendments, passed in 2010. In Section 19 a \$250 "Independent Review Organization" new application fee is being added as a result of passage of HB128, Insurance Amendments, in 2011.

### Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No

Two fees that are being added to this rule will affect the department's budget. The late fraud assessment fee of \$50 could increase the budget by around \$750 annually if the same number of insurers fail to pay their fee on time as last year. The Independent Review Organization application fee of \$250 may bring in \$500 annually. The other fees will not affect the budget. The Title reinstatement License fee of \$150 is already being charged, the reduction in the FBI fingerprinting fee will not affect the budget since it is a pass-through charge and the Annual Health Actuary Review Assessment fee will not be assessed at this time since the cost is currently covered by a Premium Rate Review Grant from the federal government. None of the changes in Sections 6 and 7 will create a change in department fees.

B) Local government:

Affected: No

The changes to this rule will have no fiscal impact on local government. Collected fees go into the department's budget and will not impact local governments.

C) Small businesses:

Affected: No

("small business" means a business employing fewer than 50 persons)

The only change to affect small businesses is the new Independent Review Organization application fee of \$250. We anticipate only one or two applications annually from organizations that may be small or large employers.

D) Persons other than small businesses, businesses, or local government entities:

Affected: No

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

Individuals who apply for a resident insurance license will be fingerprinted and charged a \$16.50 processing fee, which is a reduction of \$2.75 from the previous fee of \$19.25. This money is paid to the FBI to run a criminal check on the fingerprints. None of it goes to the department. Insurance companies late in paying their fraud assessment will be fined \$50, a fee not previously assessed. Last year 15 insurers paid late.

#### Compliance Cost Information

##### 8. Compliance costs for affected persons:

Individuals who apply for a resident insurance license and are fingerprinted will now have to pay a processing fee reduced by \$2.75; insurance companies late in paying their fraud assessment will be fined \$50; and new Independent Review Organizations who want to do business in Utah will charged an application fee of \$250 (we anticipate only one or two applications annually).

#### Department Head Comments

##### 9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

The reduction in the FBI fingerprinting fee will be beneficial to those individuals applying for a resident insurance license. The application fee is new to independent review organizations but is fairly low and will affect just one or two organizations a year - at most. The fraud late payment fee may be just enough to get the company's attention and remind them to pay on time the following year.

##### B) Name and title of department head commenting on the fiscal impacts:

Neal T. Gooch, Insurance Commissioner

#### Citation Information

##### 10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :

31A-3-103(3)

#### Incorporated Materials

##### 11. This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

Official Title of Materials Incorporated (from title page):

Publisher:

Date Issued:

Issue, or version:

ISBN Number:

ISSN Number:

Cost of Incorporated Reference:

Adds, updates, removes:

#### Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) :

12/17/2012

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

#### Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy):

12/24/2012

NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After a minimum of seven days following the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Division of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

#### Indexing Information

14. Indexing information - keywords (maximum of four, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):  
insurance fees

#### File Information

15. Attach an RTF document containing the text of this rule change (filename):

There is a document associated with this rule filing.

#### To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

#### Agency Authorization

Agency head or designee, and title: Jilene Whitby  
Information Specialist Date (mm/dd/yyyy): 10/30/2012